

Annual Governance Report

South Somerset District Council

Audit 2009/10

Date **14 September 2010**

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2009/10.

I discussed and agreed a draft of the report with the Assistant Director (Corporate and Finance) on 9 September 2010 and updated it as issues have been resolved.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 9);
- take note of the adjustments to the financial statements set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend or set out the reasons for not amending the errors; (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Yours faithfully

Brian Bethell
District Auditor

Date

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements	Results	Page
Unqualified audit opinion	Yes	6
Financial statements free from material error	Yes	6
Adequate internal control environment	Yes	7
Value for money	Results	Page
Adequate arrangements to secure value for money	Yes	10

Audit opinion

- 1 My audit is complete and I plan to issue an unqualified opinion. The wording of my opinion is provided in Appendix 1.

Financial statements

- 2 The Council provided me with the draft statements in June and has made any subsequent amendments that I have requested with the exception of one item described in paragraph 8 (also summarised in Appendix 3).
- 3 The Council produced a draft set of accounts well in advance of the Audit Committee timetable in June which allowed its finance team to check the quality of disclosures before adoption. The draft financial statements were well presented and were supported by working papers of a high standard.

Value for money

- 4 I intend to issue an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness on the use of its resources.

Independence

- 5 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

6 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements (pages 6 to 9);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- agree to adjust the errors in the financial statements I have identified that management has declined to amend or set out the reasons for not amending the errors (Appendix 3);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 4); and
- agree your response to the proposed action plan (Appendix 6).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 7 I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

- 8 The Council has offset revaluation gains on land against revaluation losses on buildings for some specialised operational properties (Octagon, Yeovil Recreation Centre and gypsy sites). The impairment on these assets is understated by £390,000 and a further understatement of reduction losses of £150,000. Consequently, revaluation gains on other assets have been also understated by £540,000.
- 9 Management has declined to amend the accounts for this item. I ask the Audit Committee to adjust the accounts for this item and if the Audit Committee decides not to amend the accounts, to reply to me setting out the reasons.

Recommendation

- R1 The Council should amend its accounts to remove the offsetting of valuations gains and losses.

Weakness in internal control

- 10 Internal Audit found that there was a weakness in the controls over new staff. There was missing documentation for the appointment of new employees (Authority to Appoint forms) for some casual staff. Some managers may not be following the Council's procedures for casual staff.
- 11 The Council should ensure that all posts for new employees, including casual staff, are correctly authorised (Authority to Appoint forms) to ensure that all payroll expenditure is genuine and that the manager has considered ongoing budget commitments.

Financial statements

Recommendation

R2 The Council should ensure that managers complete Authority to Appoint forms for all new employees, including casual staff.

Letter of representation

12 Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 4 contains the draft letter of representation.

Key areas of judgement and audit risk

13 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
<p>Redundancy payments</p> <p>In order to modernise the Council and reduce its long-term cost base the Council has been reviewing its management structures and workforce. This has resulted in a number of redundancies.</p> <p>I will review the redundancy programme to ensure that the terms agreed are within the Council's own redundancy policy and the statutory limits. I will also review the accounting treatment in the statement of accounts.</p>	<p>I have reviewed a sample of the calculations and conclude that the redundancy payments have been calculated in accordance with the Council's policies and do not exceed the statutory limits.</p>
<p>Changes to the SORP</p> <p>There were significant changes to how local authorities account for non domestic rates and council tax.</p> <p>Local authorities had to restate the figures in the previous year.</p>	<p>Following an adjustment of £44K to the restated comparative figure for 2008/09 I have reviewed the accounting entries and concluded that they are fairly stated.</p>
<p>Senior Managers' Remuneration</p> <p>For the first time in 2009/10 local authorities were required to disclose the remuneration of individual senior officers.</p>	<p>The Council had not included in the disclosure (Note 6) accruals for some pension costs that were subsequently paid in 2010/11. There was no impact on the income and expenditure account. The</p>

Issue or risk	Finding
	Council has amended its disclosures (Note 6). See Appendix 2 for details.
<p>Service Concessions</p> <p>For the first time local authorities will have to account for "service concessions" in 2009/10. This applies to infrastructure (land and buildings) provided by the private sector to deliver public services.</p>	I have reviewed the arrangements for Somerset Waste Partnership and I am satisfied that there is no material infrastructure that needs to be disclosed in the accounts for 2009/10.
<p>Investments</p> <p>The Council has £39m of investments (short term and long term) at the balance sheet date.</p>	<p>I have reviewed the Council's treasury management procedures and policies and concluded that they meet the requirements of the Council.</p> <p>Following an adjustment for £36,000 I have obtained correspondence directly from financial institutions confirming the investment at the balance sheet date.</p>
<p>Fixed Assets</p> <p>I identified an error in the classification of an asset in the accounts for 2008/09.</p>	I am satisfied that fixed assets have been appropriately recognised, measured and disclosed in the accounts.

Accounting practice and financial reporting

14 I consider the qualitative content of your financial reporting. Table 2 contains the issues I want to raise with you to improve arrangements for 2010/11.

Table 2

Issue or risk	Finding
<p>Included in the Council's capital expenditure is £209,000 of salary costs relating to property services, finance and administration staff.</p> <p>The guidance notes from the SORP require employee costs to be classified as capital expenditure where</p> <ul style="list-style-type: none"> employee costs arise directly from the construction or acquisition of the specific asset and the incremental costs to the entity that 	<p>The Council has provided insufficient evidence that this expenditure meets the definition of capital, particularly the £62,000 of salary costs of finance and administration.</p> <p>The level of uncertainty is immaterial for my opinion for 2009/10 but the Council needs to strengthen arrangements for 2010/11.</p>

Financial statements

Issue or risk	Finding
would have been avoided only if the particular fixed asset had not been constructed.	
<p>The Council has charged all £209,000 of the above capitalised salaries to Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Note 18.</p> <p>REFCUS relates to capital expenditure which does not result in a Council asset, such as social housing grants.</p>	<p>However, much of the project officers' time apportioned to capital relate to the construction or acquisition of Council assets (such as play areas) which should be added to the cost of the asset and not written off in the year (REFCUS).</p> <p>The Council has not demonstrated for 2009/10 that all of this expenditure is capital. Therefore, I am not requesting that the Council reclassifies REFCUS to tangible fixed assets.</p> <p>However, it will need to strengthen arrangements for 2010/11.</p>

Recommendation
R3 The Council needs to be able to demonstrate that all salary costs that are classified as capital meet the criteria of the SORP (and Financial Reporting Standard 15).
R4 In such cases where the Council can demonstrate that salaries are capital then the Council should correctly allocate the costs to either the acquisition of fixed assets or written off where there is no asset (REFCUS).

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. I have based my conclusion on my work on the scored use of resources judgement.

Value for money conclusion

- 15** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I have shown my conclusions on each of the areas in Appendix 5.
- 16** Following the abolition of the scored use of resources assessment, I am no longer able to provide scores against the individual criteria. However, the Council has strengthened its arrangements since our assessment in 2008/09, which were already good.
- 17** District councils were assessed for their use of natural resources for the first time in 2009/10. South Somerset has a highly effective approach to minimising the use of natural resources. The Council can demonstrate that it is reducing carbon emissions and its use of water, gas and electricity.
- 18** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains my draft report.

Glossary

Annual governance statement

19 A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

20 A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

21 On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
 - whether they have been prepared properly, following the relevant accounting rules.
-

Unqualified

22 The auditor does not have any reservations.

Value for money conclusion

23 The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Appendix 1 – Independent auditor’s report to Members of South Somerset District Council

Opinion on the accounting statements

I have audited the Authority and Group accounting statements and related notes of South Somerset District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the [Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Collection Fund] and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of South Somerset District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Assistant Director (Finance and Corporate) and auditor

The Assistant Director’s (Finance and Corporate) responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and

Appendix 1 – Independent auditor’s report to Members of South Somerset District Council

- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended

Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009 and the supporting guidance, I am satisfied that, in all significant respects, South Somerset District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Appendix 1 – Independent auditor’s report to Members of South Somerset District Council

Brian Bethell
Officer of the Audit Commission

Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

23 September 2010

Appendix 2 – Amendments to the draft accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to aid you in fulfilling your governance responsibilities.

Table 3

		Income and Expenditure Account		Balance sheet	
Adjustments	Nature of adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
Parish Precepts were duplicated in both non distributable income and non distributable expenditure (Income and Expenditure Account) thereby inflating both income and expenditure.	Reduce both income and expenditure in Non Distributable Costs, There is no impact on the deficit for the year	3,458	3,458		
The Council had interpreted the regulations that only cash payments made in the year were to be disclosed. Consequently, the Council has amended the note to show additional pension contributions of £219K for the voluntary redundancy of the Chief Executive	Note 6 - disclosure only. Costs had been correctly accrued in the Income and Expenditure Account.				

Appendix 2 – Amendments to the draft accounts

		Income and Expenditure Account		Balance sheet	
and £123K and £208K for the Corporate Directors of Health and Well Being and Economic Vitality respectively.					
Additional compensation for loss of office for two Corporate Directors (Health and Well Being and Economic Vitality) of £111K and £102K have been added to Note 6, who chose to have these payments added as pension contributions. A further £22K for pay in lieu of notice and £5K for holiday pay has been added to the remuneration of the Chief Executive.	Note 6 - disclosure only. Costs had been correctly accrued in the Income and Expenditure Account.				
Post balance sheet event - there was a dispute on a car park site at the balance sheet date and subsequent resolution means that the Council can update its accounts to reflect a more accurate financial impact.	Debtors £526K Capital receipts £390K Highways costs £136K		136	526	390
Long term investments undervalued	Value has increased Available for sale financial assets			36	36

Appendix 2 – Amendments to the draft accounts

		Income and Expenditure Account		Balance sheet	
	reserve				
Post balance sheet event to be disclosed because of Govt. announcement (after the draft accounts had been prepared) to base pension increases on CPI rather than RPI from 1 April 2011	Pension Fund liabilities will reduce - disclosure only as event takes place after balance sheet date				
Prior Period Adjustment - restatement of comparative figures for 31 March 2009	Need to increase both creditors and debtors by £44K No impact on income and expenditure				
Financial instruments (trade debtors - page 52) (financial assets past their due date and not impaired)	Additional disclosure in line with best practice showing an aged analysis of trade debtors for which there was no provision.				
Foreword	minor textual amendments to disclosures				

Appendix 3 – Unadjusted misstatements in the accounts

I identified the following misstatements during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities. If you decide not to amend, please tell us why in the representation letter. If you believe the affect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 4

Description of error	Accounts affected	Value of error £ million
Revaluation gains have been offset against losses	Income and expenditure (understatement of impairment of £390K) Revaluation reserve did not recognise the full extent of increases and decreases in value (£150K of revaluation losses offset against gains) Gains are understated by a total of £540K	0.54

Appendix 4 – Draft letter of representation

To:

Brian Bethell
District Auditor

Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

South Somerset District Council - Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of South Somerset District Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010. All representations cover the Council's accounts and Group accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which give a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial

Appendix 4 – Draft letter of representation

statements, either individually or in aggregate. These misstatements have been discussed with the Audit Committee and the reasons for not correcting these items are as follows;

- Revaluation gains and losses.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- subsequent events do not require adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by the Audit Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

Appendix 4 – Draft letter of representation

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Lufton 2000

I have provided you with all information regarding the joint venture with Lufton 2000. There are no assets or liabilities relating to the Council other than those disclosed in the Council's Group Accounts.

Service Concessions

I have reviewed the Council's contracts with the private sector and confirm that there are no public to private service concession arrangements.

I have disclosed to you all contracts with the private sector involving the use of assets to demonstrate that there are none involving infrastructure for public services.

Easement at Birchfield Park

The Council has disclosed to you all details regarding the easement of £2,479,000 at Birchfield Park and I can confirm that there are no conditions which would require the Council to repay the developer any of this amount.

Equal pay claims

There are no claims from employees against the Council for back pay related to the issue of equal pay.

South West Audit Partnership

There are no liabilities to the Council relating to internal audit staff who have been transferred from other local authorities to South Somerset District Council, as the host of South West Audit Partnership.

Long Term investments

The Council intends to keep its long term investments for at least 12 months from the date of the balance sheet. It has no plans to dispose of them before 31 March 2011.

Signed on behalf of South Somerset District Council

I confirm that this letter has been discussed and agreed by the Audit Committee on 23 September 2010.

Signed

Donna Parham

Assistant Director (Corporate and Finance)

23 September 2010

Appendix 5 – Value for money criteria

KLOE	Met
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural resources	Yes
Strategic asset management (not assessed in 2009/10 for district councils)	Not assessed
Workforce (not assessed in 2009/10 for district councils)	Not assessed

Appendix 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2009/10 - Recommendations						
6	R1. The Council should amend its accounts to remove the offsetting of valuations gains and losses.	2	Finance Manager	Yes	This will be done for the accounts for 2010/11	June 2011
7	R2. The Council should ensure that managers complete Authority to Appoint forms for all new employees, including casual staff.	2	HR Manager	Yes	The HR Manager will discuss the issue with the Assistant Director (Corporate and Finance).	Oct. 2010
9	R3. The Council needs to be able to demonstrate that all salary costs that are classified as capital meet the criteria of the SORP (and Financial Reporting Standard 15).	2	Assistant Director (Corporate and Finance)	Yes	The Council will strengthen arrangements in terms of providing the evidence for capitalisation of salaries.	June 2011
9	R4. In such cases where the Council can demonstrate that salaries are capital then the Council should correctly allocate the costs to either the acquisition of fixed assets or written off where there is no asset (REFCUS).	2	Finance Manager	Yes	The Council will analyse capitalise salaries between Property Plant and Equipment and REFCUS.	June 2011

Appendix 6 – Action plan

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, Braille, audio or in a language other than English, please call 0844 798 7070.

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